



# **CARES Act Implementation Phase 1**

**&**

## **Stimulus 4.0 Proposals**

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### **AACC Office of Government Relations**

David Baime, Senior VP for Government Relations & Policy Analysis

Jim Hermes, Associate VP for Government Relations

Jolanta Juskiewicz (JJ), Director of Policy Analysis

Laurie Quarles, Legislative Resource Associate

## WEBINAR OUTLINE

- **CARES Act Implementation – General**
- **CARES Act Implementation – Student Emergency Grants and Related Issues**
- **AACC Stimulus 4.0 Proposals**
- **Questions and Answers**

## CARES ACT HIGHER EDUCATION FUNDING OVERVIEW

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) Signed Into Law as P.L. #116-136**
- **Governors Receive \$2.95 Billion to Allocate to K-12 or HE**
  - Some CC systems have advanced proposals
- **3 Primary Higher Education Funding Streams:**
  - 90% of \$ to Institutional Formula Grants
  - 7.5% funding to Title III and Title V of the HEA
  - 2.5% to FIPSE for colleges with greatest needs due to COVID-19

# CARES ACT HIGHER EDUCATION FORMULA GRANTS: 90% OF HIGHER ED FUNDING

- **\$12.56 Billion Disbursed Directly by ED to Institutions (includes For-Profits)**
  - To “prevent, prepare for, and respond to coronavirus”
  - At least 50% for students to cover COVID-related expenses
- **Formula Based on Pell Grant Recipients and FTE**
  - Weighted at .75 per Pell FTE and .25 per non-Pell FTE (includes graduate and professional students)
  - 100% online students (prior to emergency) excluded from formula
- **Community Colleges Receive, on Average, ~ 5.3% of 2017-18 Expenditures**

# CARES ACT GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND (18002(B))

- **\$2.95 Billion Disbursed by ED to Governors**
- **ED Released Funding on April 14, 2020**
- **State Block Funding Based on the Following Formula:**
  - 60% of funds based on each State's relative population of individuals aged 5 through 24 and 40% based on each State's relative number of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 (i.e., children counted for the purposes of making Title I, Part A formula grants to local educational agencies, or the Title I, Part A formula count)
- **Eligible Recipients are Schools (Including Charter Schools and Non-public Schools), Postsecondary Institutions, and Other Education-related Organizations in State**

## CARES ACT FUNDING (NOT ALLOCATED AS OF 4/15/20)

- **7.5% of HE Funds - \$1.047 Billion Provided for Titles III And V Programs to Address Coronavirus-Related Needs**
- **2.5% of Funds - \$349 Million Provided for Fund for the Improvement of Postsecondary Education (FIPSE)**
- **Emergency Cash Grants for Institutional Expenses**
  - Statute does not specifically address revenue
  - Funding inadequate to meet colleges' dramatically changed financial picture

# CARES ACT IMPLEMENTATION - STUDENT EMERGENCY GRANTS IN FORMULA PROGRAM (SECTION 18004(C))

- **Availability Announced April 9, 2020**
- **Colleges Must Apply for Funds – 50% of Total Formula Grant Allocation**
- **After Initial Snafu, Applications Being Processed on [www.grants.gov](http://www.grants.gov)**

# CARES ACT IMPLEMENTATION - STUDENT EMERGENCY GRANTS IN FORMULA PROGRAM (SECTION 18004(C))

- **Awards to Students Must Be Documented/Explained**
  - Funds for “sole and exclusive purpose of providing emergency financial aid grants to students for their expenses related to the disruption of campus operations due to coronavirus, such as food, housing, course materials, technology, health care, and child-care expenses.”
- **Awards Should be Included in IRS Form 1098-T**



## CARES ACT IMPLEMENTATION - STUDENT EMERGENCY GRANTS IN FORMULA PROGRAM (SECTION 18004(C))

- “Recipient shall not use the advanced funds to reimburse itself for any costs or expenses, including but not limited to any costs associated with significant changes to the delivery of instruction due to the coronavirus and/or any refunds or other benefits that Recipient previously issued to students.”
- “Recipient retains discretion to determine the amount of each individual emergency financial aid grant consistent with all applicable laws including non-discrimination laws.”
- “Recipient acknowledges that the Secretary recommends the maximum Federal Pell Grant for the applicable award year as an appropriate maximum amount for a student’s emergency financial aid grant, and the Recipient should be mindful of each student’s particular socioeconomic circumstances in the staging and administration of these grants.”

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS

## ■ **Four questions to consider:**

- (1) What instructions and communications should be made to students regarding distribution of funds?
- (2) What criteria should be used to determine who receives funds and the amounts?
- (3) What administrative process should be used to distribute funds?
- (4) What process should be used to document fund disbursement, including criteria/justification for awards?

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: COMMUNICATIONS TO STUDENTS

- **Be Transparent but Keep Message Straightforward**
- **There is no ED-Recommended Format for Communication**
  - Items to consider include:
    - Who will receive funds
    - How will funds be disbursed
    - What amount will be disbursed
    - When will funds be disbursed

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: WHO CAN RECEIVE FUNDS

- **Who is Eligible to Receive Funds?**
  - Everyone who has been impacted by COVID-19
    - Not limited to Title IV students
    - Not limited to credit students
    - Not limited to non-exclusively online students
    - International students not excluded
    - Inclusion of DACA students still not clear – ED guidance requested

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: WHO, HOW, HOW MUCH, AND WHEN

- **No One-Size-Fits All for Community Colleges**
  - COVID-19 impacts community colleges and students differently and this may be reflected in institutional policies
  - Institutions have broad flexibility in awarding funds
- **Who Should Receive Funds and Disbursement Policies?**
  - All or some categories of students or select students based on impact of COVID-19?
  - Quick and simple for universal or categorical disbursement process (e.g., formula based)
  - Targeted process that requires application (customized amount within maximum threshold)
  - Hybrid -- disburse portion of funds to all subset of students, and another portion to applying students
- **When to Disburse Funds?**
  - Disburse now, in stages or tiers, set aside for later disbursement (colleges have year to disburse)
  - All of the above

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: EXAMPLE #1 - NO APPLICATION

- **QUICK, SIMPLE, IMMEDIATE & UNIVERSAL**
  - Same amount to each student – could result in small grant and not be based on need

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: EXAMPLE #2 – TIERED PROCESS

## ■ **3-Tiered Disbursement Example**

- Tier 1 – Pell Students receive greatest amount
- Tier 2 – Non-Pell with EFC below \$16,000 receive a smaller amount
- Tier 3 – Needs-demonstration via application for those with EFC above \$16,000 and FAFSA non-filers

## ■ **2-Tiered + Set-Aside Disbursement Example**

- Tier 1 – 2/3 emergency funds disbursed to students meeting certain FAFSA financial needs criteria at \$625 per term (based on SEOG and State Grant amounts)
- Tier 2 – Web-based application for non-FAFSA filers identified by staff/faculty
- Set-Aside funds for summer and fall terms (amount TBD)

# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: EXAMPLE #3 – APPLICATION PROCESS

## ■ **Needs-Demonstration Application**

- Maximum amount = \$1,000 in one institution; \$3,000 in another institution
- Students enrolled Spring, Summer or Fall terms eligible, application filed once via portal
- Gateway Questions
  - Student can select one of the following categories for requesting emergency funds:
    - Job Loss as a result of Coronavirus National Emergency
    - Temporary Furlough as a result of Coronavirus National Emergency
    - Medical as a result of Coronavirus National Emergency
  - Student can select one or more of the following reasons for funds:
    - Housing      Food      Utilities      Technology      Medical



# INSTITUTIONAL CONSIDERATIONS FOR FORMULA STUDENT EMERGENCY GRANTS: DOCUMENTATION

- **Documentation Process For Award Disbursement**
  - How grants were distributed to students
  - Award amount
  - How the grant amount was calculated
  - Any instructions given to students about grants
- **Start Tracking All of the Above Immediately**
  - Department guidance may not be forthcoming

## ADVOCATING FOR STIMULUS 4.0

- **AACC Has Developed Comprehensive Proposals**
- **Legislative Situation Remains Extremely Fluid and Vehicle is Moving Target**
- **Use AACC Advocacy Page [www.aacc.nche.edu/advocacy](http://www.aacc.nche.edu/advocacy)**
- **Impact Numbers of COVID-19 of Great Interest to Congress**

# AACC STIMULUS 4.0 PROPOSALS – HIGHER EDUCATION EMERGENCY ASSISTANCE

- **Fund Higher Education Emergency Relief Formula Grants at \$46.6 Billion**
  - Use CARES Act formula
  - Based on conservative collective higher education assessment
  - Community colleges face highly uncertain/problematic fiscal situation (projected declining enrollments, reduced state funding)

# AACC STIMULUS 4.0 PROPOSALS – COMMUNITY COLLEGE JOB TRAINING

- **Support \$1 Billion in Dedicated Community College Training for Each of the Next Two Years**
  - To meet front-line worker needs created by pandemic and address broader economic downturn
  - Future economic behavior uncertain
  - Support vehicle could be DOL Strengthening Community College Training Grants program (created in FY 2020 legislation) or Department of Education – based on TAACCCT program

## STIMULUS 4.0 PROPOSALS – STUDENT AID ENHANCEMENT

- **Deliver Increased Grant Assistance to Students Through Supplemental Educational Opportunity Grant (SEOG) Program**
  - Use different formula than under current program
  - Gives campuses ability to address financially distressed individuals
- **Grant Institutions Authority to Assign Students a Zero Expected Family Contribution (EFC) to Individuals Unemployed During Downturn**

## AACC STIMULUS 4.0 PROPOSALS — BORROWER RELIEF

- **Enact Loan Relief and/or Forgiveness Policies that Focus on Financially Needy Borrowers**
  - Major Democratic priority largely excluded in CARES Act
  - CARES Act provisions helpful but limited
  - Low-balance, low-income students longstanding AACC priority

## AACC STIMULUS 4.0 PROPOSALS – TAX CODE

- **Temporarily Alter Lifetime Learning Tax Credit to Cover 100% of First \$2,000 of Expenses**
  - Current calculation allows just 20% -- boon to grad/prof education but does little for community college students (non-credit and <1/2 time students are eligible)
  - Change would provide retraining incentive and boost economy
- **Expand American Opportunity Tax Credit to \$3,000 and Increase Refundability from 40% to 60%**

## AACC STIMULUS 4.0 PROPOSALS –TAX CODE

- **Temporarily Suspend Taxation of Grants and Scholarships Used for Non-Tuition Expenses**
  - Would help ease financial impact of downturn for college students
  - Pell Grants should never be taxed in any case
  - Current taxation policy compromises AOTC eligibility for CC students
  - CARES Act emergency grants would also be covered by current policy



## OTHER STIMULUS ISSUES

- **Infrastructure Legislation Could Emerge**
  - Dual role for CCs (bricks and mortar needs, training)
  - Need assessments perpetual challenge—your estimates always of help to AACCC staff
- **Trade Adjustment Assistance Reauthorization Could Include New Community College Program**

STAY ENGAGED WITH AACC'S FEDERAL ADVOCACY EFFORTS!

**David Baime:** [dbaime@aacc.nche.edu](mailto:dbaime@aacc.nche.edu)

**Jim Hermes:** [jhermes@aacc.nche.edu](mailto:jhermes@aacc.nche.edu)

[www.aacc.nche.edu/advocacy](http://www.aacc.nche.edu/advocacy)

